

# FINELINE

**January 2003***A Division of Finance monthly communication service*

## A Third Parallel Test Is Underway for the New Payroll System

**D**ue to the need to perform a third parallel test, we have delayed the implementation date for the new Payroll System to February 3. Starting on this date, agencies will enter time into the new system for pay period 2, which ends January 31 and will be paid on February 14.

We discovered in the parallel test for period 21 that approved time entries were not always picked up in the time evaluation program. We learned that the system was not designed to process approved time entries in the way we were doing it, and as a result we have changed the time approval process. Because it is vital that we resolve all the problems before we start using the new system to actually pay employees, we need to perform another parallel test.



### Third Parallel Test

For the third parallel test, which began December 19, agencies are entering the same time data that was entered in the old system for pay period 23 (key date November 9). We have extended the data entry deadline for this test to January 3 to accommodate employees who will be taking time off for the holidays. We will run time evaluation every night until January 3, and the results of the day's data entry will be available the next morning. We want to remind agencies that for this parallel test you need to **enter all data for all employees**. Good results from the third parallel test should translate into accurate paychecks when the new system goes live in February.

### New Feature

We want to alert agencies that in the third parallel test they will see a change in how the system handles comp and excess hours for both exempt and nonexempt employees. This new feature will make it possible for employees who earn comp or excess hours in the first week of a pay period to use those hours in the second week of the same period. If an employee does not have enough comp/excess balance at the beginning of the pay period, the time entry operator will receive a warning message that the employee has a negative balance in the comp/excess category, but when Time Evaluation is run the system will record the hours earned in the first week and subtract the hours used in the second week.

### Helpful Information

We encourage agencies to review the document we distributed that lists errors from the parallel test for pay period 21 data. It includes descriptions of data entry problems, reporting problems, and system problems found in that test. It also gives solutions for preventing the problems from recurring.

We continue to revise the information in the [Payroll User Manual](#) on our Web site to reflect systems changes and new procedures. Our Web-based [training](#)

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## Utah's Annual Financial Report Has a New Look

Over two years of planning and preparation have culminated in the first-ever Comprehensive Annual Financial Report (CAFR) prepared under GASB Statement 34. Released in December, the new CAFR is significantly different from prior years in both content and structure. We express our sincere appreciation to all those who assisted us in complying with these new accounting standards. With your help, we again received a clean (unqualified) audit opinion from the State Auditor.



The CAFR is required by state law and complies with generally accepted accounting principles. It is the official record of the state's financial position at June 30, 2002. It is sent to legislators, department and division directors, budget and accounting officers, the state's bond rating agencies, banks, other states, the U.S. Census Bureau, and other interested parties.

One of the new features in the CAFR is the Management's Discussion and Analysis (MD&A). The MD&A provides an analysis of the state's financial position and results of operations for the fiscal year in a narrative format, backed by charts and graphs that summarize data from the financial statements. The MD&A is meant to help readers evaluate whether the state's financial condition has improved or deteriorated. Because of the extensive changes to the CAFR required under GASB 34, much of the information is not easily comparable to prior years. However, following are some of the highlights from the MD&A:

- Expenses for public and higher education were 40% of total expenses in FY 2002. This is roughly the same percentage as in prior years and indicates the importance of education in Utah.
- Program revenues (grants and charges for services) were approximately 40% of program expenses of governmental activities, meaning appropriations from general tax revenues had to cover about 60% of agencies' costs.
- The state reported \$9 billion in capital assets, net of depreciation. This amount includes all of the state's roads, bridges, and other infrastructure that have never before been included in the financial statements.
- Expenditures in the General Fund increased nearly 11% over 2001 as the sluggish economy and rising health care costs greatly increased the volume of demand for public services such as general assistance, food stamps, employment services, and Medicaid.
- Total tax revenues fell 4.3% from the prior year, with the largest declines in individual and corporate income tax, inheritance tax, and oil and gas severance tax. Federal funding was the largest single factor offsetting the shortage in tax collections, with an increase of 12% over the prior year.
- FY 2002 budgets were cut \$105.5 million across all agencies, and the state used \$105.3 million from the Rainy Day Fund to cover revenue shortfalls in the Uniform School Fund.
- Agencies' nonlapsing balances were 25% lower than at the end of the prior year.

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## Payroll System Yearend Schedule\*

*\*These are selected dates from the Payroll System Yearend Schedule for processing payroll on the current system.*

- Jan. 3** Last day for Finance to receive any address changes for inclusion in W-2 processing.
- Jan. 3** Last day for employees to use or donate annual and converted sick leave over 320, including annual accrual for pay period #26 that ends 01/03/2003.
- Jan. 6–10** Agencies enter payroll and leave information for pay period #26.
- Jan. 10** Last day for agencies to enter 2002 leave adjustments.
- Jan. 14** 10:30 a.m., Finance processes payroll for pay period #26.
- Jan. 16** Payroll system is closed all day for leave yearend processing.
- Jan. 17** Agencies may pick up employees' W-2 forms from Finance.
- Jan. 17** Agencies print the Calendar Yearend Leave Summary by Employee Report to distribute to employees.
- Jan. 17** Finance distributes the Delete Annual/Converted Over 320 Report and the Sick Leave Conversion Report.
- Jan. 20–24** Agencies enter payroll and leave information for pay period #01, end date 01/17/2003.
- Jan. 20–24** Agencies may enter manual adjustments in Time and Attendance for employees who did not convert sick leave because of errors with the leave record.
- Jan. 27** 10:30 a.m., Finance processes payroll for pay period #01.
- Feb. 3–7** Agencies enter payroll and leave information into the **new Payroll System** for pay period #02, end date 01/31/2003.
- Feb. 7** Last day for employees to notify the agency payroll person not to convert sick leave. Agency payroll person sends e-mail to Finance at [payroll@utah.gov](mailto:payroll@utah.gov) to reverse the conversion. ❖



## New Payroll System Update (article continues from page 1)

[course](#) is also updated regularly to reflect changes. The release date on the course's Main Menu indicates when it was last updated. Choose the *What's New* option on the Main Menu to see what has changed since the course's previous release.

If you have questions the information on the Web site does not answer, please call the Payroll Help Desk at 801-538-3127.

### Thank You

We want to thank all of the agencies for undertaking the third parallel test with us. We cannot be successful without your diligent efforts. We appreciate all of your good work. ❖



## Annual Leave Conversion to 401k Is Cut Statewide

**W**e want to remind agencies that they will not be able to convert annual leave hours over 320 to a 401k for this calendar yearend. Funding for this program was eliminated by budget cuts.

Because funding for the program was cut statewide, there are **no exceptions** for any agency.

It is possible that this benefit could be reinstated in the future if the legislature provides full funding for the program. ❖



## Frequently Asked Question from FINET Help Desk

**Q** I need to move expenses from one coding block to another in my agency. Is it best to use an IAT or a PV3?

**A** You may use either an IAT or a PV3, depending on the situation. The following examples will give you guidelines to use in specific situations:



- If you are charging or crediting another agency, you must use an IAT.
- If you are moving money between funds, you must use an IAT.
- If it involves moving expenditures for orgs, objects, activities, or any other coding you have security for, you may use either a PV3 or an IAT. If you are eligible to do either, use whichever one is easier or more familiar to you. ❖

## Annual Report to Citizens Was Issued in December

**T**he *Fiscal Focus*, the State's annual popular report to the citizens of Utah, was distributed in December to public libraries, agency heads, and on Finance's Web site ([www.finance.utah.gov/reports/fiscalfocus.htm](http://www.finance.utah.gov/reports/fiscalfocus.htm)).

The *Fiscal Focus* informs citizens how their tax dollars are being spent on essential government programs that directly impact their lives. Information from the Comprehensive Annual Financial Report (CAFR) is condensed into charts and narratives that are easy to read and understand.



In addition, the *Fiscal Focus* includes a message from the Governor, an analysis of the State's economy from the Governor's Office of Planning and Budget, and short articles that describe major accomplishments of state agencies. ❖

## CAFR Has New Look (article continues from page 2)

- The General Fund transferred \$1.1 million to the Rainy Day Fund, and the Rainy Day Fund ended the year with a balance of \$19.5 million.
- The state maintained its triple "A" rating on its general obligation bonds from all three rating agencies, the best ratings possible.

The 2002 CAFR is available on the Finance Web site in portable document format (PDF) at: [www.finance.utah.gov/reports/cafr.htm](http://www.finance.utah.gov/reports/cafr.htm). ❖

## January Calendar

### FINET Schedule

- Jan. 1** FINET **closed**; New Year's holiday  
**Jan. 3** FINET **open**; December monthend  
**Jan. 20** FINET **closed**; Martin Luther King Jr. holiday  
**Jan. 21** FINET **open**; Tuesday cycle due to holiday



### Payroll Training

We are not offering Payroll classroom training during January. Training on the [new Payroll System](#) is available on our Web site.

### Data Warehouse Training

- Jan. 13** Data Warehouse – Payroll; 10:00 – 11:30 a.m.  
**Jan. 13** Data Warehouse – Payroll; 1:30 – 3:00 p.m.  
**Jan. 14** Data Warehouse – FINET; 10:00 – 11:30 a.m.  
**Jan. 14** Data Warehouse – FINET; 1:30 – 3:00 p.m.



### FINET Classroom Training

We are not offering FINET classroom training during January. To add your name to the waiting list for Disbursing Lab or Purchasing Lab, call 801-538-3082.

### FINET Internet Training

The following computer-based training teaches basic FINET skills and basic procedures associated with each functional area:

- Internet Courses:** System Navigation, FINET Overview, Employee Reimbursements, Purchasing and Disbursing, Revenues and Receivables, Internal Transactions, and Fixed Assets.
- CD-ROM Courses:** On-line Inquiries, Grant Accounting, Budget Control, and Inventory Control (contact your agency budget and accounting officers to obtain access to the CD-ROM courses).
- FINET Help Desk:** Call 801-538-9690 to resolve immediate questions.

### Reservations



- To reserve your spot in one of the classes offered this month, call 801-538-3082.  
If you make reservations and cannot attend, please notify us as soon as possible.  
To take any course not offered this month, call 801-538-3082 to add your name to our waiting list. We will notify you when the course is scheduled.

*Persons with disabilities requiring accommodation should call 801-538-3082 a week before the class to request reasonable accommodation.*

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Read descriptions of all our courses at: [www.finance.utah.gov/training/courses.htm](http://www.finance.utah.gov/training/courses.htm)